

AMENDED IN SENATE APRIL 21, 2003

SENATE BILL

No. 355

Introduced by Senator Florez

February 19, 2003

An act to amend Section ~~51225.3 of the Education~~ 25401 of the Corporations Code, relating to ~~curriculum~~ securities fraud.

LEGISLATIVE COUNSEL'S DIGEST

SB 355, as amended, Florez. ~~Curriculum: graduation requirements~~
Securities fraud.

Existing law, the Corporate Securities Law of 1968, provides that it is a crime, punishable as specified, for anyone to engage in transactions relating to the purchase or sale of securities by means of any written or oral communication containing untrue or misleading statements.

This bill would provide, in addition, that it is a crime to employ, directly or indirectly, any device, scheme, or artifice to defraud in connection with the offer, purchase, or sale of any security; or to engage, directly or indirectly, in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person in connection with the offer, purchase, or sale of any security. The bill would set forth specified legislative findings and declarations. By creating new crimes, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Existing law prohibits a pupil from receiving a diploma of graduation from high school unless he or she, while in grades 9 to 12, inclusive, completes specified courses of study.

~~This bill would require a pupil to complete 2 courses of career technical education as required study for purposes of receiving that diploma.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 51225.3 of the Education Code is~~

2 ~~SECTION 1. The Legislature hereby finds and declares that it~~
3 ~~is necessary and appropriate for the protection of investors to~~
4 ~~revise the Corporate Securities Law of 1968 (Part 5 (commencing~~
5 ~~with Section 25400) of Division 1 of Title 4 of the Corporations~~
6 ~~Code) in order to conform with or exceed the types of unlawful acts~~
7 ~~specified in the longstanding “Federal Rule 10b-5” (17 C.F.R.~~
8 ~~240.10b-5) and thereby enhance the accountability and~~
9 ~~transparency in this state’s investment and financial services~~
10 ~~marketplace.~~

11 ~~SEC. 2. Section 25401 of the Corporations Code is amended~~
12 ~~to read:~~

13 ~~25401. It is unlawful for any person to offer do, aid or abet,~~
14 ~~or conspire to do any of the following:~~

15 ~~(a) Offer or sell a security in this state or buy or offer to buy a~~
16 ~~security in this state by means of any written or oral~~
17 ~~communication which includes an untrue statement of a material~~
18 ~~fact or omits to state a material fact necessary in order to make the~~
19 ~~statements made, in the light of the circumstances under which~~
20 ~~they were made, not misleading.~~

21 ~~(b) Employ, directly or indirectly, any device, scheme, or~~
22 ~~artifice to defraud in connection with the offer, purchase, or sale~~
23 ~~of any security.~~

24 ~~(c) Engage, directly or indirectly, in any act, practice, or course~~
25 ~~of business which operates or would operate as a fraud or deceit~~
26 ~~upon any person in connection with the offer, purchase, or sale of~~
27 ~~any security.~~

28 ~~SEC. 3. No reimbursement is required by this act pursuant to~~
29 ~~Section 6 of Article XIII B of the California Constitution because~~

1 *the only costs that may be incurred by a local agency or school*
2 *district will be incurred because this act creates a new crime or*
3 *infraction, eliminates a crime or infraction, or changes the penalty*
4 *for a crime or infraction, within the meaning of Section 17556 of*
5 *the Government Code, or changes the definition of a crime within*
6 *the meaning of Section 6 of Article XIII B of the California*
7 *Constitution.*

8 ~~amended to read:~~

9 ~~51225.3. (a) A pupil may not receive a diploma of~~
10 ~~graduation from high school if he or she, while in grades 9 to 12,~~
11 ~~inclusive, has not completed all of the following:~~

12 ~~(1) At least the following numbers of courses in the subjects~~
13 ~~specified, each course having a duration of one year, unless~~
14 ~~otherwise specified.~~

15 ~~(A) Three courses in English.~~

16 ~~(B) Two courses in mathematics.~~

17 ~~(C) Two courses in science, including biological and physical~~
18 ~~sciences.~~

19 ~~(D) Three courses in social studies, including United States~~
20 ~~history and geography; world history, culture, and geography; a~~
21 ~~one-semester course in American government and civics, and a~~
22 ~~one-semester course in economics.~~

23 ~~(E) One course in visual or performing arts or foreign~~
24 ~~language. For the purposes of satisfying the requirement specified~~
25 ~~in this subparagraph, a course in American Sign Language shall be~~
26 ~~deemed a course in foreign language.~~

27 ~~(F) Two courses in physical education, unless the pupil has~~
28 ~~been exempted pursuant to this code.~~

29 ~~(G) Two courses in career technical education.~~

30 ~~(2) Other coursework as the governing board of the school~~
31 ~~district may by rule specify.~~

32 ~~(b) The governing board, with the active involvement of~~
33 ~~parents, administrators, teachers, and pupils, shall adopt~~
34 ~~alternative means for pupils to complete the prescribed course of~~
35 ~~study which may include practical demonstration of skills and~~
36 ~~competencies, supervised work experience or other outside school~~
37 ~~experience, courses offered by regional occupational centers or~~
38 ~~programs, interdisciplinary study, independent study, and credit~~
39 ~~earned at a postsecondary institution. Requirements for graduation~~
40 ~~and specified alternative modes for completing the prescribed~~

- 1 ~~course of study shall be made available to pupils, parents, and the~~
- 2 ~~public.~~

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